EARLY BACKGROUNDER 1-0779 MAY 14, 1976
VAN SEROPIAN

BUMPER HARVEST FOR U.S. GRAIN

ANNCR: THE UNITED STATES AGRICULTURE DEPARTMENT SAYS THE NATION IS HEADING FOR A LARGE HARVEST OF WHEAT AND CORN. VAN SEROPIAN HAS A BACKGROUND REPORT:

VOICE: JUST THIS WEEK THE DEPARTMENT OF AGRICULTURE TOOK A NEW READING ON THE GRAIN SUPPLY OUTLOOK THIS YEAR. AND WHAT ALL THE FACTS AND FIGURES ADD UP TO IS SOLID EVIDENCE THAT THE 1976 CROP YEAR IS OFF TO A GOOD START. THAT'S CHEERING NEWS NOT ONLY FOR THE FARMERS BUT FOR CONSUMERS, BOTH IN THE U.S. AND ELSEWHERE.

THE AGRICULTURE DEPARTMENT NOW EXPECTS A RECORD CORN (MAIZE) CROP THAT COULD BE FIVE PER CENT OR MORE HIGHER THAN EVEN LAST YEAR'S RECORD HARVEST. AS FOR WINTER WHEAT, A VITAL FOOD GRAIN, THE DEPARTMENT PREDICTS THIS YEAR'S CROP WILL BE THE SECOND LARGEST ON RECORD, LOWER THAN ONLY LAST YEAR'S RECORD OUTPUT.

THIS IS JUST A PREDICTION OF COURSE. THE WEATHER IN THE WEEKS AHEAD COULD BE A BIG FACTOR. GENERALLY SPEAKING, THOUGH, THE DEPARTMENT'S FORECASTS HAVE BEEN ACCURATE. IN THE LAST TEN YEARS FORECASTS AT THIS TIME OF YEAR HAVE BEEN WITHIN ABOUT FOUR POINT FIVE PER CENT OF THE FINAL CROP FIGURES. AS HARVEST TIME APPROACHES THE MONTHLY FORECASTS BECOME EVEN MORE ACCURATE. SOME FARMERS HAVE HAD GOOD WEATHER SO FAR -- AN UNUSUALLY MILD SPRING AND IDEAL OR NEAR-IDEAL GROWING CONDITIONS. HEAVY SPRING RAINS FELL OVER CORN COUNTRY. IN IOWA, SODDEN FIELDS GLISTENED IN THE SPRING SUN AFTER TWO OF THE WETTEST APRIL WEEKS IN MEMORY.

HEAVY SPRING RAINS, TOO, FELL IN MOST PARTS OF NEBRASKA AND ILLINOIS. CORNFIELDS IN THOSE STATES WERE IN GOOD SHAPE TO

RECEIVE SEEDS. IN THE WINTER WHEAT AREAS OF WESTERN KANSAS, OKLAHOMA AND NEBRASKA THE DROUGHT THREATENING THIS YEAR'S CROP WAS CHECKED AND THE PROSPECTS ARE GOOD FOR ANOTHER GOOD YIELD TO ADD TO LAST YEAR'S RECORD CROP. AGRICULTURAL OBSERVERS FEEL THAT IF THE SUMMER WEATHER OVER THE MIDWEST IS CLOSE TO NORMAL, THE COMBINATION OF HUGE PLANTINGS AND GOOD SEEDING CONDITIONS SPELLS SUPERABUNDANCE. THIS COULD MEAN MUCH LARGER SUPPLIES OF MEAT AND POULTRY IN THE NATION'S SUPERMARKETS, LOWER PRICES, AND NO SHORTAGE OF GRAIN FOR EXPORT.

THAT PROSPECT IS GOOD NEWS FOR CONSUMERS WHO ARE STILL WORRYING ABOUT INFLATION. JUST A FEW DAYS AGO THE LABOR DEPARTMENT NOTED A RISE IN THE WHOLESALE PRICE INDEX, REFLECTING IN PART A NEARLY FIVE PER CENT RISE IN FARM PRICES. BUT THE AGRICULTURE DEPARTMENT'S NEW CROP FORECAST HAS ADDED A NEW POSITIVE FACTOR TO THE PRICE PICTURE. SO MUCH SO THAT THE DEPARTMENT'S CHIEF ECONOMIST, DON PAARLBERG IS BOLD ENOUGH TO PREDICT THE STEAM HAS GONE OUT OF THE RISE IN RETAIL FOOD PRICES.

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